

Summary for the general public

How should government policies be chosen? So far much of what policy makers have done revolved around maximizing Gross Domestic Income – ignoring inequalities, environmental side-effects but most importantly – missing what truly matters.

We believe that this missing part is wellbeing, understood as an overall positive mental functioning with three dimensions: evaluative (eg. life satisfaction); affective (eg. joy or sadness) and eudemonic (eg. the sense of purpose and meaning in life).

Now, there are increasing calls by international organisations, governments, and the general public to put this missing bit at the heart of policy design. However, there currently exists no framework or method of how to put these calls into practice. We therefore propose to develop a micro-simulation model to evaluate the impacts of different policies on both lifetime wellbeing and the public purse. This practical tool will then allow policy-makers to select those policies that yield the highest wellbeing benefit per cost, and so maximise wellbeing in society subject to budget constraints. From our experience, the lack of such a model is among major reasons why wellbeing is insufficiently considered by policy-makers and civil servants – they currently do not have the practical tools for policy appraisals using wellbeing data.

Taking inspiration from micro-simulation models in public and health economics, we propose to develop a wellbeing *simulation model* – WELLMOD. To this end, we have three scientific objectives:

1. In consultations with social partners, policy-makers and the civil society, identify six feasible and desirable policy options to be appraised from a wellbeing perspective for at least five European countries.
2. Develop the simulation model to predict the impacts of these policy options on (i) the objective conditions for wellbeing (health, environment, income and jobs etc.), (ii) subjective wellbeing as a result of the change in these objective conditions, and (iii) the public purse.
3. Apply this simulation model to the six key policy options identified in (1) to produce appraisals from cost-effectiveness perspective.

By developing a micro-simulation model, our ultimate goal is to create a public good that will influence the way in which policy-makers think about and select their priorities, by providing the thought frameworks, methodology, tools, and technical standards required to do so. Subsequently, the model will be handed over to the policy and academic communities as an open-source public good (similar to EUROMOD), in order for them to develop it further.